

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07 INT-05 L-02

NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03 SP-02 SS-15

STR-01 TRSE-00 FRB-03 FEA-01 IGA-01 XMB-02 OPIC-03

PA-01 USIA-06 PRS-01 /096 W
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R 141515Z MAR 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 4298

INFO AMEMBASSY CARACAS

AMEMBASSY QUITO

C O N F I D E N T I A L LIMA 2090

E.O. 11652: GDS

TAGS: ENRG, EINV, PE, EC, VE

SUBJECT: PERUVIAN-VENEZUALAN-ECUADORIA OIL DEALS

REFS: LIMA 1945, 1848, 1093, 1057 (ALL NOTAL)

1. PETROPERU OFFICIAL NOW TELLS US THAT CONTRARY TO MINES MINISTER FERNANDEZ MALDONADO'S MARCH 6 STATEMENT TO EFFECT THAT GOP WOULD BUY 40,000 B/D FROM GOV DURING 1975-76 PERIOD, 50 PERCENT ON A CASH BASIS AND 50 PERCENT DEFERRED PAYMENT, THE ACTUAL AGREEMENT IN PRINCIPAL BETWEEN PERU AND VENEZUELA WILL CALL FOR PERU TO BUY 10,000 B/D ON FORE-GOING BASIS. HE FURTHER ADDED THAT FERNANDEZ MALDONADO ALSO MADE A SIMILAR DELA WITH GHE GOE WHEN HE VISITED QUITO IN EARLY FEBRUARY (SEE LIMA 1093, 1057). ALTHOUGH NOT WELL INFORMED ABOUT DETAILS, OFFICIAL SAID HE UNDERSTOOD THAT TERMS OF DEALS WITH VENEZUELA AND ECUADOR INCLUDE APPROXIMATELY \$6.00 PER BBL. PAYMENT AT TIME OF PURCHASE, PLUS INTEREST COSTS (AT COMMERCIAL RATES), WITH BALANCE OF PRINCIPAL DEFERRED FOR TWO YEARS. BOTH ECUADOR AND
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VENEZUELA WILL ALSO CONTINUE TO SUPPLY ANOTHER 10,000

B/D APIECE ON REGULAR COMMERCIAL BASIS.

2. OFFICIAL SAID THAT GOP HAD ORIGINALLY ASKED VENEZUELA TO SUPPLY THE FULL 40,000 B/D DEFICIT (WHICH MAY BE BASIS OF FIGURE CITED BY MINES AND ENERGY MINISTER FERNANDEZ MALDONADO IN MARCH 6 SPEECH, (LIMA 1945), BUT GOV HAD WHITTLED DOWN REQUEST TO 10,000 B/D AT CONCESSIONAL TERMS. HE ALSO SAID PERUVIANS HAD OFFERED VARIOUS PRODUCTS IN PARTIAL PAYMENT, INCLUDING FISH MEAL AND LEATHER GOODS, WHICH WERE REJECTED OUT OF HAND BY THE GOV WHICH WANTS HARD CURRENCY ONLY.

3. OFFICIAL NOTED THAT PETROPERU HAS VERY SOUR VIEW OF GOV, SINCE BOTH PRESIDENTS PEREZ (WHEN HE WAS HERE DURING DECEMBER 1974 AYACUCHO CELEBRATIONS) AND CLADERA HAD AT VARIOUS TIMES ADVISED THE GOP TO DROP THE PERU MODEL CONTRACT AND TAKE OVER CONTROL OF ALL OIL EXPLORATION AND DEVELOPMENT ITSELF. EVEN MORE INSULTING, ACCORDING TO OFFICIAL, HAVE BEEN VENEZUELAN INSINUATIONS THAT PERU SHOULD NOT PLAN TO DEVELOP THE MAJOR TRANS-ANDEAN PIPELINE AND THAT PERU SHOULD MERELY CONCENTRATE ON BECOMING SELF-SUFFICIENT IN CRUDE PRODUCTION. THIS IMPLIED, SAID OFFICIAL, THAT GOV DOES NOT BELIEVE PERU HAS SUFFICIENT RESERVES TO JUSTIFY 36-INCH LINE AND THAT GOV ALSO WISHES TO MAINTAIN ITS DOMINANT POSITION IN OIL PRODUCTION IN LATIN AMERICAN REGION.

4. COMMENT:WHILE WE HAD BEEN AWARE OF CERTAIN FRICTION BETWEEN GOV AND GOP, PARTICULARLY OVER CARACAS' INTEREST IN BAYOVAR PROJECT, THIS IS FIRST INDICATION OF GENUINE RESENTMENT ON PART OF PERUVIAN PETROLEUM OFFICIALS ABOUT WHAT THEY CONSIDER TO BE RATHER IMPERIOUS MANNER OF THEIR VENEZUELAN COLLEAGUES.

FOR QUITO: WOULD APPRECIATE ANY CONFIRMATION OF CONCESSIONAL DEAL WITH THE GOE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, TRADE AGREEMENTS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 14 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LIMA02090
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750090-0986
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750350/aaaabtbl.tel
Line Count: 98
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 LIMA 1945, 75 1848, 75 1093, 75 1057
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 11 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 SEP 2003 by WorrelSW>; APPROVED <20 OCT 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PERUVIAN-VENEZUALAN-ECUADORIA OIL DEALS
TAGS: ENRG, EINV, PE, EC, VE, (MALDONADO, JORGE FERNANDEZ)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006